

PROPOSITION 8 “DECLINE IN VALUE” INFORMATION

REVENUE & TAXATION CODE SECTION 51

Proposition 8, passed by the voters in November 1978, amended Proposition 13 to recognize declines in value for property tax purposes. As a result, California Revenue & Taxation Code Section 51 was amended to require the Assessor to annually enroll the lesser of a property’s Proposition 13 base year value factored for inflation (known as factored base year value), or its market value as of the January 1st lien date.

Reviews are either initiated by this office, or can be based on a request from the property owner or their designated agent. After a review, a property will receive a TEMPORARY reduction in value if its current market value is found to be below its factored base year value. This reduced value is subject to change on a yearly basis, either upward or downward, until the current market value exceeds the factored base year value. The maximum value that can be enrolled in any given year is the current factored base year value.

Properties enrolled under Proposition 8 are not subject to the 2% maximum annual increase limitation that applies to those enrolled under the provisions of Proposition 13. Just as there is no limit on the amount of reduction, there is no limit to subsequent increases in value up to the current factored base year value. Adjustments are based on recent comparable sales information, including sales up to 90 days from the January 1st lien date.

Example:

A property was purchased for a market price of \$300,000. During the subsequent three-year period the real estate market declined and then recovered. After Year 1 the Assessor’s office initiated a Proposition 8 reduction as required by Revenue & Taxation Code Section 51. The following table shows the property’s current factored base year value each year (assuming a 2% maximum annual increase), the market value of the property, and the taxable value of the property.

<u>Year</u>	<u>Factored Base Year Value</u>	<u>Market Value</u>	<u>Taxable Value</u>
Year 1	\$300,000	\$300,000	\$300,000
Year 2	\$306,000	\$250,000	\$250,000
Year 3	\$312,120	\$285,000	\$285,000
Year 4	\$318,362	\$325,000	\$318,362

ASSESSMENT APPEAL INFORMATION

REVENUE & TAXATION CODE SECTIONS 1601 – 1615; 4831(b)

ASSESSMENTS ON CURRENT ROLL

Assessments on the current roll are those made as of the January 1st lien date, and finalized as of the time the Roll is closed by July 1st of the current year. The majority of assessments fall into this category, and include Proposition 8 reductions initiated by the Assessor’s Office prior to close of the Roll. These assessments may be appealed during the period from July 2nd through November 30th each year. If November 30th should fall on a Saturday, Sunday, or holiday, the application must be filed or postmarked no later than the next business day. **Your application must be in writing on forms obtained from and returned to the Clerk of the Assessment Appeals Board, 311 Fourth Street, Room 201, Yreka, CA 96097 (Toll free 1-888-854-2000, Ext. 8084).**

ASSESSMENTS MADE OUTSIDE OF REGULAR PERIODS

Assessments outside of the regular period include corrections and escapes, supplemental assessments, as well as Proposition 8 reductions made in accordance with Revenue & Taxation Code Section 4831(b). An Assessment Appeal Application for these properties must be filed within 60 days of notification of the revised assessment. (If a Proposition 8 reduction is not warranted, the valuation remains an “assessment on the current roll,” which can only be appealed between July 2nd and November 30th.) Please see the preceding paragraph for filing information.

ADDITIONAL INFORMATION

Determination of the proper filing period for assessment appeals can be confusing at best, and as a result the staff of the Assessor’s Office and/or County Clerk’s Office will be happy to assist you in this regard in order to ensure a timely filing.

Additional information on Proposition 8 valuations and Assessment Appeals can be found on the California State Board of Equalization’s Website at the following links:

Proposition 8 Information: <http://www.boe.ca.gov/proptaxes/decline-in-value/>

Assessment Appeal Information: <http://www.boe.ca.gov/proptaxes/pdf/pub30.pdf>